

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 JAKARTA 3408

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E.O. 11652: XGDS-2
TAGS: OVIP (MONDALE, WALTER F.)
SUBJECT: VICE PRESIDENT'S VISIT: SUGGESTED TOPICS

REF: STATE 062868

1. WE AGREE FULLY WITH GENERAL SUBSTANTIVE FRAMEWORK FOR VICE
PRESIDENT MONDALE'S VISIT AS OUTLINED REFTEL. WE HAVE FOLLOW-
ING FEW SUGGESTIONS TO ADD.

2. GENERAL. WHAT INDONESIANS HOPE ABOVE ALL TO RECEIVE FROM
THIS VISIT IS SOME INDICATION OF USG'S LONG TERM STANCE TOWARD
GOI. ANY STATEMENTS WHICH MIGHT BE MADE ON THE GENERAL LEVEL
OF PL-480, ECONOMIC ASSISTANCE AND MILITARY CREDITS THE GOI
MIGHT EXPECT THE USG TO REQUEST OF CONGRESS OVER THE NEXT FEW
YEARS WOULD GO FAR TO ALLAY CONCERNS THAT U.S. IS PAYING ONLY
INTERMITTENT, AD HOC ATTENTION TO SOUTHEAST ASIAN PROBLEMS.
SUCH STATEMENTS WOULD OF COURSE NEED TO BE CAREFULLY PHRASED IN VIEW
OF PAST INDONESIAN TENDENCY TO CONFUSE COMMENTS WITH COMMIT-
MENTS. SPECIFIC OFFERS OF ASSISTANCE MENTIONED REFTEL
MIGHT NO IN THEMSELVES ADEQUATELY CONVEY--BUT WOULD
CERTAINLY REINFORCE--THIS MESSAGE OF OUR GENERAL INTENT.

3. FOOD. SINCE FOOD IS SUHARTO'S AND THE GOI'S FOREMOST
CONCERN, A SUBSTANTIAL LONG-TERM PL-480 TITLE I COMMIT-
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MENT WOULD GO FAR TOWARD OBTAINING OBJECTIVE MENTIONED PRE-
VIOUS PARAGRAPH. DEPARTMENT MAY WISH TO CONSIDER ADDING
CCC CREDIT WITH UP TO TEN YEAR TERMS TO THE PACKAGE. IF
ANNOUNCEMENT OF PL-480/CCC PACKAGE IS CONTEMPLATED, WE
HOPE FEATURES CAN BE DISCUSSED WITH INDONESIANS IN ADVANCE
TO ASSURE ACCEPTABILITY. OUR PL-480 ASSISTANCE PROVIDES
NATURAL OPENING TO DISCUSS STRAIN STEADILY INCREASING INDO-

NESIAN RICE DEFICIT WILL PUT ON WORLD EXPORT TRADE AND NEED FOR MEASURES TO INCREASE DOMESTIC FOOD PRODUCTION. WE RECOMMEND, HOWEVER, THAT VICE PRESIDENT NOT RPT NOT RAISE TITLE III POSSIBILITIES UNLESS WE HAVE BEEN ABLE BEFOREHAND TO PREPARE WAY. AMONG SUCH PREPARATIONS WOULD BE OVERCOMING TRADITIONAL GOI AVERSION TO FOREIGN CONTROL OF LOCAL CURRENCY. DEPARTMENT MAY WISH TO DISCUSS TITLE III PROBLEMS FURTHER WITH DAS HEGINBOTHAM. WE ALSO HAVE RESERVATIONS ABOUT RAISING AT THIS LEVEL RURAL DEVELOPMENT (AS OPPOSED TO RURAL WORKS-PADAT KARYA) SINCE THIS COULD STIR UP JAVANESE SENSITIVITY TO OVERLY VISIBLE FOREIGN ROLE IN RURAL INSTITUTION BUILDING. WE STRONGLY SUPPORT VICE PRESIDENT'S RAISING OTHER SUBJECTS MENTIONED PARA 3 REFTEL.

4. MILITARY ASSISTANCE. DEFENSE DEPARTMENT OFFICIALS ASSURE US THAT "IF DEFENSE MINISTER IS ABLE TO SPEAK WITH THE VICE PRESIDENT, THERE WILL BE NO SURPRISES". WE BELIEVE THEREFORE THAT ANY COMMENTS SUHARTO OR OTHERS MAKE ON INDONESIAN MILITARY NEEDS WILL BE GEARED TO PACKAGE PRESENTED TO AMBASSADOR BY DEFENSE MINISTER PANGGABEAN (JAKARTA 1874). FOR DEPARTMENT'S INFORMATION TOTAL COST OF THESE ACQUISITIONS ARE NOW ESTIMATED BY INDONESIANS AT \$171 BROKEN DOWN AS \$80 MILLION FOR 12 F-5S, \$24 MILLION FOR 24 A-4S, \$17 MILLION FOR TWO SURVEILLANCE RADARS, \$20 MILLION FOR M-113/V-150 ARMORED VEHICLES, AND \$30 MILLION FOR M-16 CO-PRODUCTION FACILITY. WHILE WE RECOGNIZE PROBLEMS

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POSED WASHINGTON, MILITARY MODERNIZATION PACKAGE HAS ASSUMED SYMBOLIC IMPORTANCE FOR INDONESIAN LEADERSHIP AND IMPACT OF VISIT WOULD BE HEIGHTENED IF VICE PRESIDENT COULD BE FORTHCOMING RE SPECIFIC ITEMS ON LIST. FAVORABLE IMPACT COULD ALSO BE GAINED IF GOI WERE GRANTED MOST FAVORABLE REPAYMENT TERMS FOR FMS CREDIT.

4. ENERGY. WE SUPPORT REFTEL'S SUGGESTIONS RE ENERGY. VICE PRESIDENT SHOULD BE PREPARED FOR INDONESIANS' QUESTIONS REGARDING MECHANISM FOR IMPLEMENTING OUR ASSISTANCE, I.E., AID OR DOE. WE ARE UNABLE TO COMMENT ON JOINT COAL TECHNOLOGY PROJECT AS WE DO NOT KNOW NATURE OF PROPOSAL OR RATIONALE FOR JOINT U.S.-AUSTRALIAN RATHER THAN BILATERAL PROJECT, BUT ANY ASSISTANCE IN THIS FIELD SHOULD BE MOST WELCOME.

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5. NORTH-SOUTH DIALOGUE. WE HAVE RECEIVED INDICATIONS FROM FONDEPT THAT SOME IN GOI ARE CONCERNED THAT SUG IS BACKBONE OF G-9 RESISTANCE TO G-77 REQUESTS AND THAT AS RESULT US FRINDS IN G-77 SUCH AS INDONESIA WILL FIND THEIR INFLUENCE DIMINISHING VIS-A-VIS THE RADICALS. THERE IS ALSO POPULAR MYTH THAT USG POSITION IN NORTH SOUTH DIALOGUE BELIES GENUINE COMMITMENT TO HUMAN NEEDS POLICY. WE RECOMMEND THAT VICE PRESIDENT HIMSELF RAISE NORTH-SOUTH DIALOGUE AS INDICATIVE OF U.S. INTEREST, RESTRICTING HIS REMARKS TO COMMODITY STABILIZATION AND COMMON FUND, WHICH ARE INDONESIA'S PRINCIPAL INTERESTS. IF HE SHOULD PREFER NOT TO RAISE THIS SUBJECT, HE SHOULD BE PREPARED TO RESPOND TO INDONESIAN INITIATIVE.

6. ASEAN. WE FEEL IT IS IMPORTANT THAT VICE PRESIDENT UNDERLINE OUR STRONG INTEREST IN ASEAN, REFERRING AGAIN TO DECISION TO HOLD NEXT DIALOGUE IN WASHINGTON AT MINISTERIAL LEVEL. WE SUGGEST HE ALSO MENTION HIGH PRIORITY WE GIVE TO STRENGTHENING ASEAN PRIVATE SECTOR RELATIONSHIPS WITH U.S. PRIVATE SECTOR.

7. TRADE AND INVESTMENT. WHILE WE AGREE THIS TOPIC BELONGS IN SECONDARY CATEGORY OF PARA 6 REFTTEL, WE BELIEVE EXPRESSION OF OUR INTEREST IN EXPANDING TRADE AND INVESTMENT (COMBINED WITH MENTION OF EX-IM BANK CHAIRMAN
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MOORE'S PROSPECTIVE VISIT, IF-APPROPRIATE) AND COMMENT ON RECENT INDONESIAN EFFORTS TO IMPROVE INVESTMENT CLIMATE WOULD BE HELPFUL.

8. HUMAN RIGHTS. GOI HAS INDICATED THAT FOLLOWING PRESIDENTIAL ELECTION, IT WILL RELEASE BULK OF STUDENTS NOW DE-

TAINED. AT LEAST 50 WILL, HOWEVER, APPARENTLY BE HELD FOR TRIAL. WE CANNOT EXCLUDE POSSIBILITY THAT STUDENTS WILL SEIZE OCCASION OF VICE PRESIDENT'S VISIT TO PROVOKE SECURITY AUTHORITIES INTO NEW ARRESTS IN ORDER TO EMBARRASS SUHARTO ADMINISTRATION, BUT WE HAVE NO CURRENT INDICATIONS OF SUCH ACTION. IN MEANTIME, HOWEVER, WE WILL CONTINUE TO CONVEY MESSAGE PENULTIMATE SENTENCE PARA 5 TO INDONESIAN UTHORITIES WE THINK MIGHT BE OF HELP. IF ADAM MALIK IS NEW INDO-NESEAN VICE PRESIDENT, WE RECOMMEND THAT VICE PRESIDENT MAKE ACADEMIC AND PRESS FREEDOM KEY POINT OF HIS TALK WITH HIM SINCE (A) MALIK SIGNALLED HIS CONCERN OVER STUDENT ARRESTS BY PUBLICLY CALLING FOR THEIR RELEASE BEFORE MPRS SESSION, (B) AS FORMER JOURNALIST, HE IS SUPPORTER OF GREATER PRESS FREEDOM, (C) HE HAS PRIVATELY INDICATED, WE UNDERSTAND, THAT HE HOPES TO PLAY ACTIVE POLICY-MAKING ROLE, AND WE BELIEVE THIS MAY BE AMONG HIS CHOSEN AREAS, AND (D) HE WILL NOT BE ENTIRELY FAMILIAR WITH OTHER PRINCIPAL SUBJECTS. PRESIDENT SUHARTO IS BETTER INTERLOCUTOR THAN MALIK ON CONTINUED RELEASE OF PKI PRISONERS AND EAST TIMOR SINCE THESE MATTERS ARE HANDLED ALMOST EXCLUSIVELY BY MILITARY AND, AS FONMIN, MALIK OFTEN CONFUSED FACTS RELATED TO THEM.

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